

## Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 AGR-05 CIAE-00 COME-00 INR-07

LAB-04 NSAE-00 RSC-01 SP-02 STR-01 TRSE-00 CIEP-01

FRB-03 OMB-01 INRE-00 SSO-00 /039 W

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O 302120Z JAN 75

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC IMMEDIATE 9759

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PASS TREASURY FOR DEPUTY ASSISTANT SECRETARY SUCHMAN

E.O. 11652: N/A

TAGS: ETRD, AR

SUBJECT: COUNTERVAILING DUTY ON ARGENTINE FOOTWEAR

1. AFTER SEVERAL PRIOR CONSULTATIONS, SHELLEY AND COMMERCIAL ATTACHE HELD A FINAL MEETING ON JAN 29 WITH GOA TEAM HEADED BY UNDER-SECRETARY RAMON VALLADARES (ECONOMY) AND UNDERSECRETARY LEONARDO VARTALITIS (FOREIGN ECONOMIC AND COMMERCIAL RELATIONS), TO DISCUSS GOA PROPOSAL TO ESTABLISH FINANCING SYSTEM FOR FOOTWEAR EXPORTERS.

2. THE PROPOSED FINANCING SYSTEM IS BASED ON THE SAME CONCEPT AS FINANCING SCHEME IN BRAZILIAN FOOTWEAR COUNTERVAILING DUTY INVESTIGATION. HOWEVER, THE TERMS PROPOSED BY THE GOA ARE VERY DIFFERENT FROM BRAZILIAN TERMS. CURRENT COMMERCIAL RATE OF INTEREST IN ARGENTINA IS 22 PERCENT. PREFERENTIAL RATE PROPOSED BY GOA IS 13 PERCENT. NOT LESS THAN 42 PERCENT AND AS MUCH AS 50 PERCENT OF A LOAN MUST BE LEFT IN BANK AND CANNOT BE USED IN ANY MANNER BY A BORROWER. UP TO 75 PERCENT OF TRANSACTION MAY BE FINANCED. LENGTH OF LOAN IS TO BE FOR FIVE YEARS, BUT INTEREST MUST BE PAID ANNUALLY.

3. GOA UNDER MUCH DOMESTIC PRESSURE AND ANXIOUS TO FIND A SOLUTION

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ACCEPTABLE TO USG. GOA HAS BEEN INFORMED THAT WE APPEAR TO BE

ON THE ROAD TO A SOLUTION, BUT THAT NO FINAL DECISION WILL BE MADE UNTIL SHELLEY RETURNS TO WASHINGTON. IF GOA PROPOSAL IS ACCEPTED BY TREASURY, GOA IS PREPARED TO BEGIN DRAFTING NECESSARY LEGISLATION IMMEDIATELY.

4. THEIR SENSE OF URGENCY HAS BEEN INCREASED BY PUBLIC COMMENTS ON SHOE SITUATION COMING FROM BUSINESS GROUPS. THESE COMMENTS HAVE BEEN CRITICAL OF US AND HAVE BEEN IN CONTEXT OF GENERAL FLAP OVER TRADE REFORM ACT AND POSTPONEMENT OF MFM. GOA HAS ASKED US TO TRY TO OBTAIN DECISION EARLY NEXT WEEK AS TO WHETHER THEIR SYSTEM IS ACCEPTABLE (I.E. NOT COUNTERAVAILABLE).

5. SHELLEY ATTEMPTING TO GET RESERVATIONS ON FRIDAY OR SATURDAY FLIGHT, BUT IS CURRENTLY ON WAITING LIST. WILL INFORM WASHINGTON OF EXACT ARRIVAL TIME WHEN CONFIRMED. DECON 1/30/76.  
HILL

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** COUNTERVAILING DUTIES, SHOES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 30 JAN 1975  
**Decaption Date:** 01 JAN 1960  
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**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** greeneet  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
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**Disposition Reason:**  
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**TAGS:** ETRD, AR  
**To:** STATE  
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